

Exhibit 1



**EQUITY RESEARCH
COMPANY UPDATE**

**Airline Sector
May 2, 2012**

Closing Price (5/1/12):	\$8.77
12-Month Target Price:	NA
52-Week Range:	\$8.52-\$16.92
Market Cap (MM):	\$447
Shares O/S (MM):	51.0
Float (MM):	49.1
Shares Short (MM):	1.8
Avg. Vol. (MM):	0.5
Book Value/Share:	\$26.36
Dividend/Yield:	0.0%
Risk Profile:	Medium

Maxim Group FYE: December	Revenues (\$M)	
	2011	2012E
1Q	\$866	\$921A
2Q	\$934	\$944
3Q	\$955	\$984
4Q	\$900	\$947
FY	\$3,655	\$3,797

Maxim Group FYE: December	Current EPS	Prior EPS	Current P/E
2010A:	\$1.52		5.8
2011A:	(\$0.52)		NA
2012E:	\$0.82	\$0.70	10.7
2013E:	\$1.25		7.0

Maxim Group FYE: December	Quarterly EPS		
	2011A	2011E	2012E
	Current	Prior	Current
1Q	(\$0.21)		(\$0.01)A
2Q	\$0.03		\$0.15
3Q	\$0.00		\$0.40
4Q	(\$0.35)		\$0.29
FY	(\$0.52)		\$0.82

Consensus-First Call FYE: December	Quarterly EPS	
	2011E	2012E
1Q	(\$0.21)	(\$0.01)A
2Q	\$0.03	\$0.14
3Q	\$0.00	\$0.34
4Q	(\$0.35)	\$0.25
FY	(\$0.52)	\$0.56

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SkyWest, Inc.

(SKYW – Nasdaq – \$8.77)

Hold

SkyWest releases 1Q12 financial results, beating consensus; Reiterate Hold

- **Skywest today reported operating revenues of \$921.2 million for the quarter ended March 31, 2012 vs. consensus \$907 million and Maxim \$924 million, compared to \$866.0 million for the same period last year. SkyWest also reported a net loss of (\$0.7) million, or (\$0.01) per diluted share vs. consensus (\$0.15) and Maxim (\$0.14), for the quarter ended March 31, 2012, compared to (\$11.1) million of net loss, or (\$0.21) per diluted share, for the same period last year.**
- **SKYW recorded approximately \$30.1 million in additional revenues** related to increased block hour production, improved utilization and ground handling contracts, a reduction of \$4.6 million in prorate flying loss, an additional \$5.7 in United CRJ 200 engine overhaul costs, and an additional \$3.8 million in employer benefit costs. At March 31, 2012, SkyWest had \$583.3 million in cash and marketable securities, which is 16% of 12 month trailing revenue, compared to \$646.5 million as of December 31, 2011.
- **As a result of 1Q12 earnings coming in higher than our expectations, our full year 2012 EPS estimate goes to \$0.82, from \$0.70 (consensus \$0.56).**
- **SKYW still operates a small Pro Rate (independent flying) operation.** Management believes that this gives it a backup plan if the contract flying deteriorates further. Management believes that this operation should return to profitability this year and SKYW expects to continue to develop it. Fuel prices of course should be a key here, especially with the flying of small aircraft, but SKYW believes that it could be a viable product in certain markets if discipline is maintained on markets and costs.
- **We believe that management is strong and can address the many problems** facing the industry and the company. SKYW should be the dominant survivor; however, we believe there is at least a one year period if not more of major restructuring. SKYW is trading at a 7.0x 2013 P/E multiple. The uncertainty of the regional airline industry's future and the massive undertaking that SKYW has to accomplish to meet rapid industry change lead us to not use a 12 month price target at this time. We do believe that SKYW should succeed and be a dominant player; however, the timing of the turnaround is uncertain and is the reason we have a Hold rating.
- **Summary:** The broad platform that SKYW has in its sector has the greatest depth and presence across the U.S. among its competitors. This enables it to be able to take advantage of any opportunities that may become available. This strategic position (balance sheet, liquidity, access to the capital markets at reasonable rates and relative strength in the industry) is more important than ever in a rapidly changing and consolidating industry with its main goals being to continue to reduce costs and to complete the post merger integration.

SkyWest, Inc. (SKYW)

Low costs and reliable operations should be the key for which regional airlines will survive in our opinion. SKYW appears it has made great progress in cutting costs with the following improvements:

- Recorded approximately \$30.1 million in additional revenues related to increased block hour production, improved utilization and ground handling contracts
- Reduction of \$4.6 million in prorate flying loss
- Recorded an additional \$5.7 in United CRJ 200 engine overhaul costs
- Recorded an additional \$3.8 million in employer benefit costs
- Recorded an additional \$4.1 million of loss attributable to SkyWest's minority investments in Trip Linhas Aereas ("TRIP") and Mekong Aviation Joint Stock Company ("Air Mekong")

The company expects that it should become a positive CF generator going forward beginning 2Q12.

SkyWest, Inc. (SKYW)

SkyWest, Inc. (SKYW)

Income Statement 2009-2013E
(In millions, except per share data)

SkyWest Inc.: Income statement

In \$ millions except per share data

Year ending December 31,	1Q09A	2Q09A	3Q09A	4Q09A	2009A	1Q10A	2Q10A	3Q10A	4Q10A	2010A	1Q11A	2Q11A	3Q11A	4Q11A	2011A	1Q12A	2Q12E	3Q12E	4Q12E	2012E	2013E
Passenger	665	691	630	596	2,582	623	642	677	782	2,724	845	920	936	884	3,585	902	924	964	927	3,718	3,746
Ground handling and other	8	8	8	8	31	9	8	10	14	41	22	14	19	16	70	19	20	20	20	79	80
Total revenue	673	699	638	604	2,614	632	650	687	796	2,765	866	934	955	900	3,655	921	944	984	947	3,797	3,826
Revenue growth (%)						-6.0%	-7.0%	7.7%	31.8%	5.8%	37.0%	43.7%	39.1%	13.0%	32.2%	6.4%	1.1%	3.0%	5.3%	3.9%	0.8%
Salaries, wages and benefits	177	174	176	172	698	179	174	185	227	765	286	290	288	290	1,154	291	290	288	290	1,159	1,159
Aircraft maintenance materials	92	116	119	108	436	107	111	121	149	488	163	176	190	184	713	180	176	190	184	729	729
Aircraft fuel	141	129	62	59	391	74	86	87	94	340	127	161	160	145	593	148	155	160	140	602	594
Aircraft rentals	73	76	76	76	301	77	76	78	82	312	86	88	87	86	347	85	88	87	86	345	345
Depreciation and amortization	55	55	56	57	222	58	58	59	61	237	63	64	63	64	254	64	64	63	64	255	255
Station rentals and landing fees	33	30	28	26	116	29	31	32	38	130	43	42	46	44	175	44	42	46	44	176	176
Ground handling services	25	23	24	24	96	29	27	27	28	111	37	33	30	31	132	35	33	30	31	130	130
Other, net	37	36	35	34	142	38	38	40	66	182	61	60	64	62	247	54	60	64	62	241	241
Total operating expenses	632	639	574	556	2,401	590	600	629	744	2,563	866	915	929	905	3,614	901	908	928	900	3,637	3,629
Operating income	41	60	63	48	212	42	49	58	52	202	0	19	27	(5)	41	20	36	56	47	159	197
Operating margin (%)	6.1%	8.5%	9.9%	8.0%	8.1%	6.7%	7.6%	8.5%	6.5%	7.3%	0.0%	2.0%	2.8%	-0.6%	1.1%	2.2%	3.8%	5.7%	5.0%	4.2%	5.2%
Interest income	3	3	2	4	11	4	4	3	4	14	2	2	2	2	8	2	2	3	2	9	9
Interest expense	(23)	(21)	(21)	(21)	(86)	(22)	(22)	(22)	(22)	(87)	(20)	(20)	(20)	(20)	(80)	(20)	(20)	(20)	(20)	(80)	(80)
Other, net	(7)	0	2	1	(5)	(0)	(1)	(0)	18	16	(1)	(3)	(11)	(5)	(19)	(4)	(6)	(6)	(6)	(22)	(24)
Total non-operating	(28)	(18)	(18)	(17)	(80)	(18)	(19)	(19)	(0)	(56)	(19)	(21)	(29)	(23)	(91)	(22)	(24)	(23)	(24)	(93)	(95)
Income before taxes	13	41	46	32	132	25	31	39	51	146	(19)	(2)	(2)	(28)	(50)	(1)	12	32	24	67	102
Income tax provision	4	15	17	12	48	10	12	14	14	50	(8)	(3)	(2)	(10)	(23)	(1)	5	12	9	25	39
Tax rate	28.9%	37.0%	37.2%	38.3%	36.5%	38.8%	39.1%	35.2%	27.8%	34.0%					0.0%		38.0%	38.0%	38.0%	37.9%	38.0%
Net income GAAP	9	26	29	20	84	15	19	25	37	96	(11)	2	0	(18)	(27)	(1)	7	20	15	42	63
Special Items	0	0	0	0	0	0	0	0	(10)	(10)	0	0	0	0	-						
Net income (ex. special items)	9	26	29	20	84	15	19	25	27	86	(11)	2	0	(18)	(27)	(1)	7	20	15	42	63
Basic EPS (ex. special items)	\$0.17	\$0.47	\$0.51	\$0.35	\$1.51	\$0.27	\$0.33	\$0.45	\$0.50	\$1.55	(\$0.21)	\$0.03	\$0.00	(\$0.35)	(\$0.52)	(\$0.01)	\$0.15	\$0.40	\$0.29	\$0.82	\$1.25
Diluted EPS (ex. special items)	\$0.16	\$0.46	\$0.50	\$0.34	\$1.47	\$0.26	\$0.33	\$0.45	\$0.49	\$1.52	(\$0.21)	\$0.03	\$0.00	(\$0.35)	(\$0.52)	(\$0.01)	\$0.15	\$0.40	\$0.29	\$0.82	\$1.25
Basic EPS GAAP	\$0.17	\$0.47	\$0.51	\$0.35	\$1.50	\$0.27	\$0.33	\$0.46	\$0.68	\$1.73	(\$0.21)	\$0.03	\$0.00	(\$0.35)	(\$0.52)	(\$0.01)	\$0.15	\$0.40	\$0.29	\$0.82	\$1.25
Diluted EPS GAAP	\$0.16	\$0.46	\$0.50	\$0.34	\$1.47	\$0.26	\$0.33	\$0.45	\$0.67	\$1.70	(\$0.21)	\$0.03	\$0.00	(\$0.35)	(\$0.52)	(\$0.01)	\$0.15	\$0.40	\$0.29	\$0.82	\$1.25
Basic shares	57	56	56	56	56	56	56	56	55	56	54	53	52	51	52	51	51	51	51	51	51
Diluted shares	57	57	57	57	57	57	57	57	56	57	54	53	52	51	52	51	51	51	51	51	51

Source: Company and Maxim Group estimates

DISCLOSURES

SkyWest, Inc. (SKYW)



Maxim Group LLC Stock Rating System		As of:	4/12/2012
Expected Performance*		% of Coverage Universe with Rating	% of Ratings for which Firm provided Banking Services in the last 12 months
Buy	Expected total return of 15% or more over next 12 months	68.4%	10.4%
Hold	Expected total return of plus or minus 14% over next 12 months	20.4%	5.0%
Sell	Expected total negative return of at least 15% over next 12 months	11.2%	0.0%

* Relative to Nasdaq Composite.
An Under Review (UR) rating represents a stock that the Firm has temporarily placed under review due to a material change.

Maxim Group makes a market in SkyWest Inc.

I, **Ray Neidl**, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

Valuation Method: Our **SkyWest Inc.** 12-month price target is based on a P/E ratio multiple comparisons.

Price Target Risks and Investment Risks: Aside from general market and other economic risks, risks particular to our **SkyWest Inc.** rating include: 1) The company has a large fleet of turbo-prop and smaller (under 70 seats) RJ's, most of which will have to be replaced over the next five years; 2) Although SKYW has good relationships with its legacy partners, the needs of the larger carriers are changing as high fuel prices drive up operating costs for smaller aircraft and as the legacy airlines de-emphasize service to smaller cities. As a result in the future there will be less of a demand for regional feed service especially with smaller aircraft; 3) The company has some exposure to fuel price increases since about 10% of their service is independent flying and as the legacy airlines try to pass along a greater amount of risk in their contracts for fuel price volatility; and 4) There remains merger related risk as the company continues its integration of ExpressJet.

RISK RATINGS

Risk ratings take into account both fundamental criteria and price volatility.

Speculative –

Fundamental Criteria: This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry.

Price Volatility: Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless.

Speculative stocks may not be suitable for a significant class of individual investors.

High –

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Price volatility: The price volatility of companies falling within this category is expected to be above the industry.

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Medium –

Fundamental Criteria: This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid.

Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

Low –

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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

Exhibit 2



**EQUITY RESEARCH
FIRST LOOK**

SkyWest, Inc.

(SKYW-Nasdaq-Hold)

July 13, 2012

Closing Price (7/12/12): \$7.75

Target Price: NA

Ray Neidl, Airline Sector, 212-895-3571

SkyWest Plans for the future; Reiterate Hold

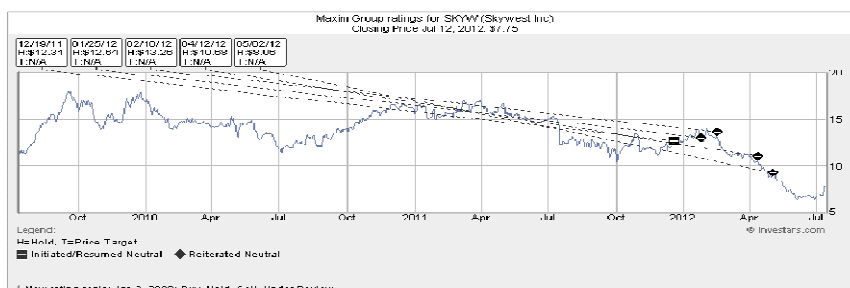
- SkyWest has ordered 100 regional aircraft from Mitsubishi Aircraft Corp. This is the first big order for the regional jet for the MRJ product outside of Japan. Deliveries will start in 2017 (5 years out) and is valued at \$4.2 billion using list prices.
- The big loser on this order according to news reports is Bombardier Inc. (BBD-B.TO, \$3.86, NR). SKYW is the largest operator of Bombardier RJs. The total order book now for Mitsubishi is 230 aircraft.
- The MRJ product is still not tested in the marketplace since it may not make its first flight to 2013 though the company has extensive experience as a subcontractor for Boeing. According to SKYW its research has indicated that the MRJ aircraft has a significant fuel burn.
- SkyWest's 100-aircraft tentative order for the Mitsubishi Regional Jet (MRS) is for the MRJ90, the larger of the two versions, but the deal also gives the U.S. regional carrier the flexibility to convert all or part of the order to the smaller MRJ70. The eventual type or mix of types may depend on what happens with scope clauses at the major U.S. carriers that contract SkyWest to feed its networks. Currently, the airlines for which SkyWest operates most of its aircraft--Delta Air Lines (DAL, \$10.75, Buy) and United Airlines (UAL, \$23.78, Buy) -- have scope clause limits that restrict regional feed to 76- and 70-seat aircraft, respectively. Delta recently reached a new agreement with its pilots union that sustains its cap, but United is pushing for a higher limit in negotiations on a joint contract with its pilots and those of the former Continental Airlines. American Airlines (AAMRQ, \$0.52, Sell), a potential future SkyWest customer, also is pushing for a higher cap, using the leverage created by its Chapter 11 bankruptcy proceedings, and US Airways (LCC, \$13.97, Buy) already is able to outsource some flying to aircraft with as many as 86 seats.
- The tentative MRJ deal, with the first delivery targeted for 2017, is only a part of the fleet replacement planned by SkyWest. SkyWest's subsidiaries operate 725 aircraft today. The fleet includes about 430 Bombardier CRJ200s, 700s and 900s and about 290 Embraer 120s, ERJ-135s and ERJ-145s.
- SkyWest is having "ongoing discussions" with aircraft manufacturers about fleet replacement. It is a dominant force in the industry and we believe there are really no other U.S. regional airlines in the market that can drive volume pricing the way SKYW can. The end result is that SkyWest may be able to provide flexible terms to its major airline partners on the length of the agreements to operate the aircraft.
- We expected SKYW to begin the needed re-fleeting to meet a new more competitive environment for regional airlines though the MRJ order was a surprise. Major restructuring remains to be done both in the scope clause restrictions at the major airlines, which may determine the need and amount for regional feed but SKYW is positioning themselves to be able to compete for whatever the outcome. However, due to the remaining uncertainties, we maintain our Hold rating on the stock.

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SEE PAGES 2–4 FOR IMPORTANT DISCLOSURES AND DISCLAIMERS

SkyWest, Inc. (SKYW)

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Buy	Expected total return of 15% or more over next 12 months	61.4%	12.8%
Hold	Expected total return of plus or minus 14% over next 12 months	18.9%	4.2%
Sell	Expected total negative return of at least 15% over next 12 mon	7.1%	0.0%

* Relative to Nasdaq Composite.
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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

Exhibit 3

Equity | United States | Airlines
14 August 2012

Restructuring bears fruit: Upgrade to Neutral

Cost actions bear fruit; Upgrade to Neutral and P.O. to \$9

Cost actions are bearing fruit quicker than we had anticipated for SKYW, and we raise our 2012E from \$0.35 to \$0.75 (street \$0.84) and our 2013E from \$0.80 to \$1.00 (street \$1.20). As a result of our estimate hike, our price objective climbs to \$9.00 from \$8.00, and we raise our SKYW rating to Neutral from Underperform.

2Q better than expected as non-fuel CASM falls 1.5%

Ex-items, SKYW reported 2Q profits of \$0.33 versus a year ago loss of \$0.03, well ahead of our \$0.07E (street \$0.14) on lower than expected costs - down 1.5% yoy despite modest capacity cuts. 2Q includes a \$3.0 million (\$0.03-\$0.04) payment from UAL for redeployment costs incurred a year ago and higher than normal incentive fees added \$0.02. Negative mismatch between revenues and expenses on UAL RJ engine maintenance narrowed to \$0.04-\$0.05 in 2Q12 from \$0.12-\$0.13 a year ago and should disappear entirely in 2013.

Modest growth resumes 4Q12

Capacity declined in the first half of 2012, but transfer of larger Regional Jets to SKYW from other Delta partners should lift SKYW's supply by 4% in 2013.

Regional jet economics remain challenging longer term

SKYW remains the premier RJ provider, but supply of RJs exceeds demand, and we see SKYW's capacity resuming its modest declines in 2014. With over 200 Delta 50-seat jets expected to be grounded over the next couple years, SKYW will be challenged to find a place for the 25 it owns. With limited capacity growth and a gradually aging workforce/fleet, SKYW's cost pressures may eventually resume while contractual rate increases remain modest, but SKYW's valuation (6.7X 2012E pretax) already discounts a relatively cautious outlook in our view.

Estimates (Dec)

(US\$)	2010A	2011A	2012E	2013E	2014E
EPS	1.40	(0.38)	0.75	1.00	1.15
GAAP EPS	1.89	(0.52)	0.75	1.00	1.15
EPS Change (YoY)	-4.8%	NM	NM	33.3%	15.0%
Consensus EPS (Bloomberg)			0.84	1.20	NA
DPS	0.12	0.12	0.12	0.12	0.12

Valuation (Dec)

	2010A	2011A	2012E	2013E	2014E
P/E	5.8x	NM	10.8x	8.1x	7.0x
GAAP P/E	4.3x	NM	10.8x	8.1x	7.0x
Dividend Yield	1.5%	1.5%	1.5%	1.5%	1.5%
EV / EBITDA*	8.4x	12.6x	9.5x	9.2x	9.3x
Free Cash Flow Yield*	48.6%	-2.4%	64.7%	69.0%	71.4%

* For full definitions of *iQmethod*SM measures, see page 6.

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Stock Data

Price	US\$8.09
Price Objective	US\$9.00
Date Established	14-Aug-2012
Investment Opinion	C-2-7
Volatility Risk	HIGH
52-Week Range	US\$6.25-14.32
Mrkt Val / Shares Out (mn)	US\$422 / 52.2
BofAML Ticker / Exchange	SKYW / NAS
Bloomberg / Reuters	SKYW US / SKYW.OQ
ROE (2012E)	2.9%
Total Dbt to Cap (Dec-2010A)	75.0%
Est. 5-Yr EPS / DPS Growth	76.8% / 0%

Key Changes

(US\$)	Previous	Current
Inv. Opinion	C-3-7	C-2-7
Inv. Rating	UNDERPERFORM	NEUTRAL
Price Obj.	8.00	9.00
2012E Rev (m)	3,726.3	3,722.0
2013E Rev (m)	3,700.5	3,818.6
2014E Rev (m)	3,703.8	3,785.3
2012E EPS	0.35	0.75
2013E EPS	0.80	1.00
2014E EPS	1.00	1.15

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Refer to important disclosures on page 7 to 9. Analyst Certification on Page 5. Price Objective Basis/Risk on page 5. Link to Definitions on page 5. 11195049

iQprofileSM SkyWest

iQmethodSM – Bus Performance*

(US\$ Millions)	2010A	2011A	2012E	2013E	2014E
Return on Capital Employed	3.8%	0.8%	2.4%	2.6%	2.7%
Return on Equity	5.6%	-1.5%	2.9%	3.8%	4.2%
Operating Margin	7.8%	1.3%	3.8%	3.9%	3.9%
Free Cash Flow	205	(10)	273	291	301

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2010A	2011A	2012E	2013E	2014E
Cash Realization Ratio	4.4x	NM	8.2x	6.7x	6.5x
Asset Replacement Ratio	0.6x	0.7x	0.2x	0.2x	0.2x
Tax Rate	33.9%	45.5%	39.7%	39.4%	39.3%
Net Debt-to-Equity Ratio	124.1%	124.9%	104.3%	90.7%	81.2%
Interest Cover	2.5x	0.6x	1.8x	2.1x	2.2x

Income Statement Data (Dec)

(US\$ Millions)	2010A	2011A	2012E	2013E	2014E
Sales	2,765	3,655	3,722	3,819	3,785
% Change	5.8%	32.2%	1.8%	2.6%	-0.9%
Gross Profit	564	433	526	539	532
% Change	6.5%	-23.3%	21.5%	2.6%	-1.2%
EBITDA	453	301	399	410	406
% Change	4.5%	-33.6%	32.7%	2.6%	-1.0%
Net Interest & Other Income	(72)	(86)	(75)	(66)	(57)
Net Income (Adjusted)	79	(20)	40	51	54
% Change	-5.1%	NM	NM	29.0%	5.5%

Free Cash Flow Data (Dec)

(US\$ Millions)	2010A	2011A	2012E	2013E	2014E
Net Income from Cont Operations (GAAP)	107	(27)	40	51	54
Depreciation & Amortization	236	254	258	260	260
Change in Working Capital	(21)	(45)	(4)	(6)	2
Deferred Taxation Charge	59	(22)	26	33	35
Other Adjustments, Net	(33)	2	3	3	0
Capital Expenditure	(142)	(172)	(50)	(50)	(50)
Free Cash Flow	205	-10	273	291	301
% Change	NM	NM	NM	6.6%	3.4%

Balance Sheet Data (Dec)

(US\$ Millions)	2010A	2011A	2012E	2013E	2014E
Cash & Equivalents	134	149	187	228	295
Trade Receivables	110	131	129	129	128
Other Current Assets	1,125	1,001	999	1,001	996
Property, Plant & Equipment	2,943	2,883	2,690	2,495	2,300
Other Non-Current Assets	134	118	116	115	114
Total Assets	4,447	4,282	4,121	3,967	3,833
Short-Term Debt	159	208	163	169	111
Other Current Liabilities	404	416	408	404	400
Long-Term Debt	1,739	1,607	1,444	1,275	1,226
Other Non-Current Liabilities	724	717	744	778	812
Total Liabilities	3,026	2,948	2,759	2,626	2,550
Total Equity	1,421	1,334	1,362	1,341	1,283
Total Equity & Liabilities	4,447	4,282	4,121	3,967	3,833

* For full definitions of iQmethodSM measures, see page 6.

Company Description

SkyWest flies 260 Bombardier CRJ-200 50-seat regional jets, 121 CRJ-700 70-seat jets, 31 CRJ-900 seats jets, and 51 Brasilia 30-seat turboprop planes. 92% of its flying is done through under the fixed-fee model with Delta and United. SKYW receives a fixed fee per flight to cover expenses under an agreed upon formula plus bonuses or penalties tied to operational reliability.

Investment Thesis

Among regional jet operators, SKYW has a strong service reputation and the most favorable capacity purchase agreements that appear to lock in relatively high margins through 2020. SKYW restructuring efforts are beginning to bear fruit, and strong cash flow should enable return of capital in the intermediate-term. Long-term regional jet economics remain challenging, but SKYW best of breed and valuation seems appropriate in our view.

Stock Data

Average Daily Volume 598,213

Quarterly Earnings Estimates

	2011	2012
Q1	-0.19A	-0.01A
Q2	0.05A	0.33A
Q3	0.10A	0.29E
Q4	-0.33A	0.16E

Restructuring actions bear fruit

SkyWest reported second quarter profits of \$0.33 versus a year ago loss of \$0.03, well ahead of our \$0.07 estimate and the street's \$0.14 estimate. Reported results included a \$3.0 million (\$0.03-\$0.04) payment from UAL for aircraft redeployment costs incurred a year ago and higher than normal incentive fees added \$0.02. Better than expected progress from restructuring actions (crew costs/productivity, maintenance, operational improvement) led to \$17 million higher operating profit than we had assumed, while non-operating losses were also \$5 million lower (losses from airline investments) than our estimate.

After missing analyst estimates for most of 2011, SkyWest results have now beaten estimates for two consecutive quarters and SkyWest earnings growth has resumed and accelerated. We are raising our 2012E from \$0.35 to \$0.75 (street \$0.84) and our 2013E from \$0.80 to \$1.00 (street \$1.20), and are raising our rating to Neutral from Underperform. As a result of our estimate hike, our price objective climbs to \$9.00 from \$8.00.

Margins rise

Overall pretax margins reached 3.1% for the first time since 4Q10 (which included only half a quarter of the lower margin XJT business), and were up 3pts from last year and the first quarter. The SkyWest subsidiary's pretax margins climbed 1.7pts year over year to 5.75% while ExpressJet reduced its losses and narrowed its pretax margin by 4.8pts to -0.5%.

As compared to the year ago quarter, SkyWest revenues ex-pass through expenses increased \$17.3 million on higher incentive payouts (\$7mln) and the impact of annual contract rate increases. SkyWest pro-rate flying, which now accounts for 6% of total block hours, saw unit revenue increase 5%, and pretax margins improve \$2.5million despite 7% fewer block hours. Excluding fuel, total expenses fell 2.2% from a year ago, due to declines in maintenance, aircraft rents, ground handling, and "other" costs. The gap between incurred maintenance expenses and reimbursements from UAL narrowed to \$3.9 million (\$0.04-\$0.05) in the second quarter vs \$12.1 million in the first quarter (\$0.12-\$0.13), and should narrow further in 3Q, have a neutral impact in 4Q, and reverse in 2013.

Capacity declines cross over to gains in late 2012

SkyWest will receive 34 dual-class regional jets (5 CRJ-700s from Comair, 28 CRJ-900s from Comair and Mesaba) from Delta in return for agreeing to remove 66 CRJ-200s by the end of 2015 (41 owned by Delta, 25 by SkyWest). The replacement of smaller with larger planes will begin to reverse SkyWest's recent capacity declines in the fourth quarter, and we estimate 4% capacity growth in 2013.

Regional economics remain challenging

Demand for regional jets continues to decline, and we expect SkyWest's capacity to resume its modest declines in 2015. With over 200 Delta 50-seat jets expected to be grounded over the next couple years, SkyWest will be challenged to find a place for the 25 it owns. We believe SkyWest trades at a significant discount to book because regional jet values have declined much faster than depreciation in the past few years.

With limited capacity growth and a gradually aging workforce and fleet, we believe cost pressures will continue to pressures margins as contractual rate increases should remain modest.

Inexpensive valuation but still premium to sector

At 6.7 times our estimate of 2012E pretax earnings and 5 times our 2012E EBITDAR, SKYW trades well below its historic trading range, but at a premium to the mainline carriers, which we believe have greater opportunity to boost margins over time. On the other hand, momentum rather than valuation drives airline stocks, and SkyWest's estimates are rising while the rest of the industry's estimates appear to be under pressure. SkyWest remains the leader among a dwindling number of regional competitors, and the carrier's large cash hoard (unrestricted cash and investments \$11.30 per share) and limited near-term capital spending needs could enable the carrier to resume a more aggressive share buyback program.

Price objective basis & risk

SkyWest (SKYW)

Our 12-month price objective for SKYW is \$9. Owing to the uncertainty of returns after capacity purchase agreements expire, we apply legacy-type earnings and EBITDA multiples to regional jet financials. We derive our \$8 price objective applying a blend of 4x EV/EBITDA, 7x pretax earnings and discounting free cash flow after scheduled debt payments. Our preferred measure is discounting free cash flow after debt payments out through the life of the purchase agreements and assuming 5% operating margins thereafter.

The health of the major airline partner and the status of the regional jet operators capacity purchase agreement are the biggest risks in achieving our earnings forecast and price objective for SkyWest. Service reliability, labor issues, weather, and safety concerns also affect our forecasts and price objectives, as do changes in equity risk premiums and overall stock market valuations. Upside to our estimates and price objective could occur if an improved economy lifts aircraft utilizations and margins on SKYW's 50-seat fleet, the shakeout of regional jet competitors creates new flying opportunities, at-risk flying margins benefit from stronger demand and lower fuel prices, merger synergies exceed our expectations, and management embarks on a much more aggressive share repurchase program than we anticipate.

Link to Definitions

Industrials

Click [here](#) for definitions of commonly used terms.

Analyst Certification

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US - Airlines Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
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	Air Canada	YAC A	AC/A CN	Glenn D. Engel, CFA
	Alaska Air Group	ALK	ALK US	Glenn D. Engel, CFA
	Delta Air Lines	DAL	DAL US	Glenn D. Engel, CFA
	Hawaiian Holdings	HA	HA US	Glenn D. Engel, CFA
	JetBlue Airways	JBLU	JBLU US	Glenn D. Engel, CFA
	US Airways Group	LCC	LCC US	Glenn D. Engel, CFA
	WestJet Airlines Ltd	YWJA	WJA CT	Glenn D. Engel, CFA
NEUTRAL				
	Air Lease Corporation	AL	AL US	Glenn D. Engel, CFA
	Aircastle LTD	AYR	AYR US	Glenn D. Engel, CFA
	SkyWest	SKYW	SKYW US	Glenn D. Engel, CFA
	United Continental Holdings, Inc.	UAL	UAL US	Glenn D. Engel, CFA
UNDERPERFORM				
	Allegiant Travel Company	ALGT	ALGT US	Glenn D. Engel, CFA
	FLY Leasing Ltd	FLY	FLY US	Glenn D. Engel, CFA
	Republic Airways	RJET	RJET US	Glenn D. Engel, CFA
	Southwest	LUV	LUV US	Glenn D. Engel, CFA

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

NumeratorNOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill
Amortization

Net Income

Operating Profit

Expected 5-Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

DenominatorTotal Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt, Less Cash & Equivalents

EBIT

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Sales

Other LT Liabilities

Enterprise Value

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap. = Current Share Price * Current Basic Shares

Basic EBIT + Depreciation + Amortization

EV / EBITDA

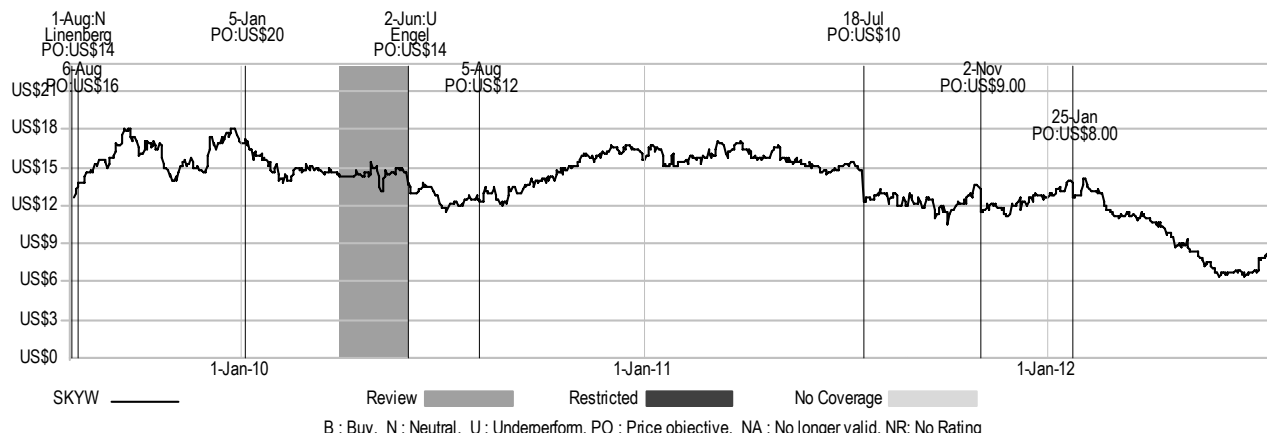
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SKYW Price Chart



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Investment Rating Distribution: Transport/Infrastructure Group (as of 01 Jul 2012)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	77	45.83%	Buy	51	69.86%
Neutral	42	25.00%	Neutral	23	56.10%
Sell	49	29.17%	Sell	24	51.06%

Investment Rating Distribution: Global Group (as of 01 Jul 2012)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1913	50.14%	Buy	1294	73.40%
Neutral	994	26.06%	Neutral	628	70.09%
Sell	908	23.80%	Sell	513	60.71%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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Exhibit 4



Rating
Buy

North America
United States

Industrials
Airlines

Company
SkyWest, Inc.

Reuters
SKYW.OQ

Bloomberg
SKYW US

Exchange
NMS

Ticker
SKYW

Date
8 August 2012

Forecast Change

Price at 7 Aug 2012 (USD)	6.69
Price Target	12.00
52-week range	14.05 - 6.31

Turnaround accelerating; raising EPS forecast

June Q results validate profit turnaround

After two consecutive quarterly losses, SkyWest reported June Q diluted EPS of \$0.33 which significantly exceeded both our EPS forecast of \$0.10 and the consensus EPS of \$0.14. The results also compared very favorably to last year's EPS of a nickel (ex-specials). In our view, the June quarterly results validate the profit turnaround at SkyWest, which was the basis for our out-of-consensus call to raise our rating on SKYW shares to a Buy back in early May. We think the company's cost/revenue improvements achieved thus far are sustainable, and we think the trend should continue into 2H 2012 and 2013. We maintain our Buy rating.

Flat top line combined with cost reduction drives margin growth

On the surface, top line increased 0.4% or \$3.5 mm to \$937 mm vs. our forecast of \$951 mm. However, excluding the impact of certain pass-through costs that run through revenue, top-line increased \$17.3 mm and was in line with our sales forecast. Where the company excelled was on the cost side: crew/crew-related training costs declined \$10 mm and engine/airframe maintenance costs declined \$3 mm. Also, smoother running operations translated into better on-time and completion factor performance resulting in \$7.0 mm of increased incentive pay. Overall, SkyWest had a 5.0% operating margin (vs. our 3.1% forecast), a 2.8 point improvement from a year ago.

Recent Delta agreement should mitigate 50-seat regional jet concerns

SkyWest still has some work to do regarding the size of its 50-seat regional jet fleet. However, the recent accord with Delta to phase out 66 CRJ-200s partially offset by the addition of 34 dual-class CRJ-700/900s suggests that the company should fare okay as a result of Delta's downsizing of its 50-seat regional jet operation. We believe SKYW's share price has been under tremendous pressure this year as investors feared the worst outcome with Delta, combined with another financially challenging year.

Raising estimates reflecting better-than-expected turnaround progress

We are raising our '12 EPS estimate from \$0.75 to \$0.90 (vs. consensus of \$0.70) reflecting today's solid earnings beat and good progress under the turnaround plan. We are maintaining our '13 EPS est. of \$1.30 (vs. consensus of \$1.16). Our Sep Q '12 EPS est. is \$0.30 (vs. consensus of \$0.33).

Valuation and risks

Our 12-month price target for SKYW shares is \$12 (+40% above current levels). Our PT is derived using EV/EBITDAR and P/E multiples. A key risk is execution risk with the turnaround plan. **For more details, see page 4.**

Forecasts And Ratios

Year End Dec 31	2011A	2012E	2013E
FY EPS (USD)	-0.34	0.90	1.30
P/E (x)	-	7.4	5.1

Source: Deutsche Bank estimates, company data

Equity

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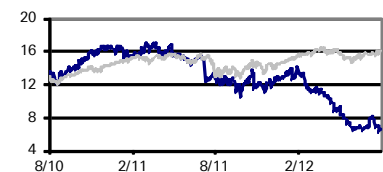
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Research Analyst
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Price/price relative



Performance (%)	1m	3m	12m
Absolute	-4.2	-28.5	-48.6
S&P 500 INDEX	3.4	2.3	16.8

Deutsche Bank Securities Inc.

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MICA(P) 072/04/2012.



Model updated: 08 August 2012

Running the numbers

North America

United States

Airlines

SkyWest, Inc.

Reuters: SKYW.OQ Bloomberg: SKYW US

Buy

Price (7 Aug 12) USD 6.69

Target Price USD 12.00

52 Week range USD 6.31 - 14.05

Market Cap (m) USDm 341

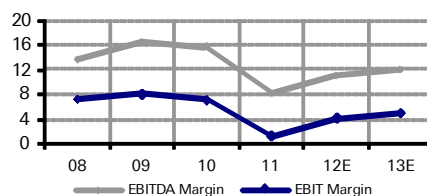
EURm 276

Company Profile

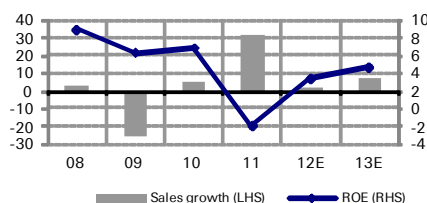
SkyWest Airlines, based in St. George, Utah, and Atlantic Southeast Airlines ("ASA"), based in Atlanta, Georgia, are wholly owned subsidiaries of SkyWest, Inc. SkyWest Airlines operates as United Express and Delta Connection under contractual agreements with United and Delta. SkyWest Airlines also has a marketing agreement with AirTran. ASA operates as a Delta Connection carrier under a contractual agreement with Delta. ASA began service as a United Express carrier in 2010 under a contractual agreement with United.

Price Performance

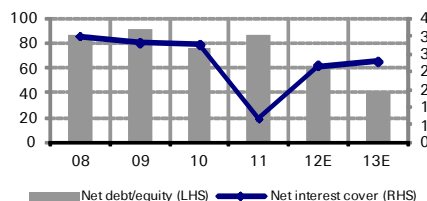
Margin Trends



Growth & Profitability



Solvency



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Fiscal year end 31-Dec

Financial Summary

	2008	2009	2010	2011	2012E	2013E
DB EPS (USD)	1.93	1.47	1.40	-0.34	0.90	1.30
Reported EPS (USD)	1.93	1.47	1.71	-0.52	0.90	1.30
DPS (USD)	0.12	0.16	0.16	0.00	0.10	0.15
BVPS (USD)	22.07	24.21	25.55	25.56	27.11	28.42

Valuation Metrics

Price/Sales (x)	0.3	0.3	0.3	0.2	0.1	0.1
P/E (DB) (x)	9.2	9.5	10.2	nm	7.4	5.1
P/E (Reported) (x)	9.2	9.5	8.4	nm	7.4	5.1
P/BV (x)	0.8	0.7	0.6	0.5	0.2	0.2
FCF yield (%)	18.3	nm	22.4	nm	93.3	78.3
Dividend yield (%)	0.7	1.1	1.1	0.0	1.5	2.2
EV/Sales	1.0	1.2	1.2	0.9	0.8	0.8
EV/EBITDA	7.3	7.3	7.8	11.5	7.3	6.9
EV/EBIT	13.6	14.9	17.0	73.9	19.5	16.6

Income Statement (USDm)

Sales	3,496	2,614	2,765	3,655	3,749	4,018
EBITDA	475	434	436	301	418	484
EBIT	255	212	199	47	158	201
Pre-tax profit	176	132	128	-39	78	110
Net income	113	84	79	-18	46	67

Cash Flow (USDm)

Cash flow from operations	416	363	330	171	468	407
Net Capex	-227	-403	-151	-186	-150	-140
Free cash flow	188	-40	179	-15	318	267
Equity raised/(bought back)	-85	-10	-25	-56	0	0
Dividends paid	-7	-9	-9	-8	0	0
Net inc/(dec) in borrowings	-36	170	-100	-69	-251	-157
Other investing/financing cash flows	-50	-160	-26	174	-145	-8
Net cash flow	10	-49	19	26	-78	102
Change in working capital	7	12	-16	-44	129	6

Balance Sheet (USDm)

Cash and cash equivalents	705	732	805	647	714	824
Property, plant & equipment	2,709	2,880	2,943	2,883	2,773	2,629
Goodwill	0	0	0	0	0	0
Other assets	600	699	708	752	765	819
Total assets	4,014	4,311	4,456	4,282	4,251	4,272
Debt	1,811	1,965	1,898	1,815	1,565	1,408
Other liabilities	927	994	1,137	1,132	1,306	1,416
Total liabilities	2,739	2,959	3,035	2,948	2,870	2,824
Total shareholders' equity	1,276	1,352	1,421	1,334	1,381	1,448
Net debt	1,106	1,232	1,093	1,169	851	584

Key Company Metrics

Sales growth (%)	3.6	-25.2	5.8	32.2	2.6	7.2
DB EPS growth (%)	-21.8	-23.6	-4.7	na	na	44.4
Payout ratio (%)	6.1	10.7	11.2	nm	11.3	11.2
EBITDA Margin (%)	13.6	16.6	15.8	8.2	11.2	12.0
EBIT Margin (%)	7.3	8.1	7.2	1.3	4.2	5.0
ROE (%)	9.0	6.4	7.0	-2.0	3.4	4.8
Net debt/equity (%)	86.7	91.1	76.9	87.6	61.6	40.3
Net interest cover (x)	3.0	2.8	2.8	0.6	2.2	2.3

DuPont Analysis

EBIT margin (%)	7.3	8.1	7.2	1.3	4.2	5.0
x Asset turnover (x)	0.9	0.6	0.6	0.8	0.9	0.9
x Financial cost ratio (x)	0.7	0.6	0.6	-0.5	0.5	0.6
x Tax and other effects (x)	0.7	0.6	0.8	1.1	0.5	0.6
= ROA (post tax) (%)	2.8	2.0	2.2	-0.6	1.1	1.6
x Financial leverage (x)	3.2	3.2	3.2	3.2	3.1	3.0
= ROE (%)	9.0	6.4	7.0	-2.0	3.4	4.8
annual growth (%)	-29.9	-29.0	9.2	na	na	39.2
x NTA/share (avg) (x)	21.5	23.1	24.5	26.2	26.3	27.3
= Reported EPS	1.93	1.47	1.71	-0.52	0.90	1.30
annual growth (%)	-22.5	-23.6	15.9	na	na	44.4

Source: Company data, Deutsche Bank estimates



Conference Call Highlights

Flat top-line combined with cost reduction drives margin growth

On the surface, top line increased 0.4% or \$3.5 million to \$937 million versus our forecast of \$951 million. However, excluding the impact of pass-through costs such as fuel and engine overhaul expense (which run through revenue), top line increased \$17.3 million and was in line with our sales forecast. Where the company excelled was on the cost side, as crew and crew-related training costs fell by \$10 million year over year and engine/airframe maintenance costs declined by \$3 million. Also, smoother running operations translated into better on-time and completion factor performance resulting in \$7.0 million of increased incentive pay. Overall, SkyWest produced a 5.0% operating margin (versus our 3.1% forecast), a 2.8 point improvement from a year ago.

Recent Delta agreement should mitigate 50-seat regional jet concerns

SkyWest still has some work to do regarding the size of its 50-seat regional jet fleet. On that front, the company recently struck an accord with Delta to phase out 66 CRJ-200s—41 of which are owned by Delta (and will simply be returned with no obligation) and 25 of which are owned by SkyWest. Regarding the latter, management expressed confidence in its ability to quickly place those aircraft. The Delta deal also included the addition of 34 dual-class CRJ-700/900s, which partially offsets the CRJ-200 phase out. Overall, the agreement suggests that SkyWest should fare okay as a result of Delta downsizing its 50-seat regional jet operation. We believe SKYW's share price has been under tremendous pressure this year as investors feared the worst outcome with Delta, combined with another financially challenging year. It seems both of these concerns were alleviated with today's results.

Solid liquidity; possibility for share buybacks

SkyWest ended the quarter with \$629.5 million in cash and marketable securities, up \$46 million from the end of the prior quarter. Long-term debt was \$1.53 billion or \$50 million lower than at the end of the prior quarter. The company generated \$111 million in operating cash flow in the June quarter. After getting through the bulk of its turnaround efforts, we think management is well-positioned to generate solid cash flows in periods to come. Share buybacks were said to be a "big topic of conversation" at the company, when evaluating opportunities for capital deployment.



Company Outlook

Raising estimates reflecting better-than-expected turnaround progress

We are raising our 2012 EPS estimate for SkyWest from \$0.75 to \$0.90 (versus consensus of \$0.70) reflecting today's solid earnings beat and anticipated future successes under the company's turnaround plan. Underlying our 2012 forecast is an operating margin of 4.2% (+2.9 points versus last year). We are maintaining our 2013 EPS estimate of \$1.30 (versus consensus of \$1.16). Our 2013 operating margin estimate is 5.0%. Our September quarter 2012 EPS estimate is \$0.30 (versus consensus of \$0.33).

For more information on drivers of our forecast, refer to our model on Page 5.

Valuation and risks

Our 12-month price target for SKYW shares is \$12, which is about 40% above where the stock is presently trading. Our PT is derived using an EV/EBITDAR multiple of 5.2x and a P/E multiple of 9.2x on our 2013 estimates, both in line with historical averages (10+ years). We believe the application of historical averages is appropriate, as we think the uncertain economic outlook and high beta nature of airline stocks reduces the likelihood of near-term multiple expansion.

Risks to our target price being achieved include "speed bumps" encountered as the company executes its turnaround plan, integration issues tied to ExpressJet/Atlantic Southeast merger, and the deteriorating economics of 50-seat regional jets, of which, SkyWest has approximately 500 in its fleet.

Figure 1: SkyWest, Inc. Actual and Projected Income Statement (\$ in millions)

	2010		2011								2012		2012E								2013E	
	YEAR	% CHG	1ST Q	% CHG	2ND Q	% CHG	3RD Q	% CHG	4TH Q	% CHG	YEAR	% CHG	1ST Q	% CHG	2ND Q	% CHG	3RD Q	% CHG	4TH Q	% CHG	YEAR	% CHG
REVENUE:																						
Passenger	\$2,724	5.5%	\$844	35.5%	\$920	43.2%	\$936	38.3%	\$884	13.1%	\$3,585	31.6%	\$902	6.9%	\$921	0.1%	\$942	0.6%	\$915	3.4%	\$3,679	2.6%
Cargo & Freight	41	30.3%	21	135.2%	14	85.3%	19	92.0%	16	9.5%	70	71.6%	19	-12.4%	17	18.4%	17	-10.8%	17	9.0%	69	-1.1%
TOTAL REVENUE:	2,765	5.8%	866	37.0%	934	43.7%	955	39.1%	900	13.0%	3,655	32.2%	921	6.4%	937	0.4%	959	0.3%	932	3.5%	3,749	2.6%
OPERATING EXPENSES:																						
Salaries & Benefits	765	9.5%	286	60.3%	290	67.0%	288	55.6%	290	27.4%	1,154	50.9%	291	1.6%	291	0.2%	293	1.5%	275	-5.0%	1,149	-0.4%
Aircraft Fuel	340	-13.0%	127	72.4%	161	88.8%	160	83.6%	144	54.1%	593	74.3%	147	16.3%	154	-4.9%	155	-3.5%	147	2.0%	603	1.7%
Maintenance	499	14.4%	163	52.8%	176	58.4%	190	57.0%	184	15.0%	713	43.0%	180	10.1%	167	-5.2%	174	-8.4%	174	-5.3%	694	-2.6%
Aircraft Rentals	312	3.7%	86	13.0%	88	16.4%	87	11.5%	86	4.0%	347	11.1%	85	-1.8%	84	-4.7%	87	1.0%	89	4.3%	345	-0.3%
Station Rentals & Landing Fees	130	11.4%	43	47.6%	42	38.5%	46	44.5%	44	14.8%	175	35.0%	44	3.1%	44	4.6%	47	1.4%	44	0.4%	179	2.3%
Depreciation & Amortization	236	6.7%	63	8.7%	64	9.1%	63	7.9%	64	4.4%	254	7.5%	64	1.8%	64	0.8%	65	3.0%	67	5.1%	261	2.7%
Ground Handling Services	111	15.5%	37	25.2%	33	22.0%	30	13.5%	31	14.1%	131	18.8%	35	-4.2%	30	-9.9%	31	2.9%	29	-6.3%	126	-4.5%
Other Airline	173	22.2%	60	56.4%	58	52.2%	62	53.8%	61	7.8%	241	39.0%	54	-8.7%	57	-2.3%	60	-2.2%	62	0.7%	234	-3.1%
Non-Recurring	(2)	NM	1	NM	1	NM	2	NM	1	NM	6	NM	0	NM	0	NM	0	NM	0	NM	0	NM
TOTAL OPERATING EXPENSES:	2,563	6.7%	866	46.8%	915	52.3%	929	47.7%	905	21.6%	3,614	41.0%	901	4.0%	890	-2.7%	912	-1.8%	888	-1.9%	3,591	-0.6%
OPER. INCOME (Margins in Box):	202	7.3%	0	0.0%	19	2.0%	27	2.8%	(5)	-0.6%	41	1.1%	20	2.2%	47	5.0%	46	4.9%	44	4.7%	158	4.2%
<i>Op. Income Excl. Non-Recurring</i>	<i>199</i>	<i>7.2%</i>	<i>1</i>	<i>0.1%</i>	<i>20</i>	<i>2.2%</i>	<i>29</i>	<i>3.0%</i>	<i>(4)</i>	<i>-0.4%</i>	<i>47</i>	<i>1.3%</i>	<i>20</i>	<i>2.2%</i>	<i>47</i>	<i>5.0%</i>	<i>46</i>	<i>4.9%</i>	<i>44</i>	<i>4.7%</i>	<i>158</i>	<i>4.2%</i>
OTHER INCOME (EXPENSE):																						
Interest Income	14		2		2		2		2		8		2		2		1		2		6	
Interest Expense	(87)		(20)		(20)		(20)		(20)		(80)		(20)		(19)		(20)		(20)		(79)	
Non-Recurring	16		0		0		(6)		0		(6)		0		0		0		0		0	
Other	1		(1)		(3)		(5)		(5)		(13)		(4)		(1)		(2)		(1)		(7)	
TOTAL OTHER INCOME:	(56)		(19)		(21)		(29)		(23)		(91)		(22)		(18)		(21)		(20)		(80)	
PRETAX INCOME (Margins in Box):	146	5.3%	(19)	-2.1%	(2)	-0.2%	(2)	-0.2%	(28)	-3.1%	(50)	-1.4%	(1)	-0.1%	29	3.1%	26	2.7%	24	2.6%	78	2.1%
<i>P-T Income Excl. Non-Recurring</i>	<i>128</i>	<i>4.6%</i>	<i>(18)</i>	<i>-2.0%</i>	<i>(0)</i>	<i>0.0%</i>	<i>6</i>	<i>0.6%</i>	<i>(27)</i>	<i>-3.0%</i>	<i>(39)</i>	<i>-1.1%</i>	<i>(1)</i>	<i>-0.1%</i>	<i>29</i>	<i>3.1%</i>	<i>26</i>	<i>2.7%</i>	<i>24</i>	<i>2.6%</i>	<i>78</i>	<i>2.1%</i>
INCOME TAXES (CREDIT):	50		(7)		(3)		(2)		(10)		(23)		(1)		12		10		10		31	
Tax Rate	33.9%		40.3%		189.9%		105.5%		35.3%		45.5%		44.2%		40.8%		40.0%		40.0%		40.2%	
NET INCOME Before Extraord. Items	96		(11)		2		0		(18)		(27)		(1)		17		16		15		46	
Extraordinary Items	0		0		0		0		0		0		0		0		0		0		0	
NET INCOME After Extraord. Items	\$96		(\$11)		\$2		\$0		(\$18)		(\$27)		(\$1)		\$17		\$16		\$15		\$46	
NET INCOME TO COMMON S/Hs:	\$96		(\$11)		\$2		\$0		(\$18)		(\$27)		(\$1)		\$17		\$16		\$15		\$46	
PRO FORMA NI TO COMMON S/Hs:*	\$79	2.9%	(\$10)	-1.2%	\$2	0.3%	\$7	0.8%	(\$17)	-1.9%	(\$18)	-0.5%	(\$1)	-0.1%	\$17	1.8%	\$16	1.6%	\$15	1.6%	\$46	1.2%
Shares Outstanding - Basic	56		54		53		52		51		52		51		51		51		51		51	
Shares Outstanding - Diluted	57		54		53		52		51		52		51		52		52		52		52	
GAAP EPS - Basic	\$1.73		(\$0.21)		\$0.03		\$0.00		(\$0.35)		(\$0.52)		(\$0.01)		\$0.33		\$0.31		\$0.29		\$0.91	
GAAP EPS - Diluted	\$1.71		(\$0.21)		\$0.03		\$0.00		(\$0.35)		(\$0.52)		(\$0.01)		\$0.33		\$0.30		\$0.28		\$0.90	
Pro Forma EPS - Diluted	\$1.40		(\$0.19)		\$0.05		\$0.14		(\$0.34)		(\$0.34)		(\$0.01)		\$0.33		\$0.30		\$0.28		\$0.90	
OPERATING STATISTICS:*																						
RPMs	20,227	15.9%	6,448	48.3%	7,547	57.3%	7,885	54.3%	7,229	21.1%	29,109	43.9%	6,939	7.6%	7,690	1.9%	7,872	-0.2%	7,360	1.8%	29,860	2.6%
ASMs	25,504	15.2%	8,607	52.6%	9,394	58.1%	9,684	53.0%	9,058	19.3%	36,743	44.1%	9,003	4.6%	9,344	-0.5%	9,600	-0.9%	9,200	1.6%	37,148	1.1%
Load Factor (%)	79.3%	0.5pp	74.9%	-2.2pp	80.3%	-0.4pp	81.4%	0.7pp	79.8%	1.2pp	79.2%	-0.1pp	77.1%	2.2pp	82.3%	2.0pp	82.0%	0.6pp	80.0%	0.2pp	80.4%	1.2pp
Yield (¢)	13.47	-9.0%	13.10	-8.6%	12.19	-9.0%	11.88	-10.4%	12.23	-6.6%	12.31	-8.6%	13.00	-0.7%	11.97	-1.8%	11.96	0.7%	12.43	1.6%	12.32	0.1%
Passenger Revenue/ASM (¢)	10.68	-8.4%	9.81	-11.2%	9.79	-9.4%	9.67	-9.6%	9.76	-5.2%	9.76	-8.7%	10.02	2.1%	9.85	0.6%	9.81	1.4%	9.94	1.8%	9.90	1.5%
Total Revenue/ASM (¢)	10.84	-8.1%	10.06	-10.2%	9.94	-9.1%	9.87	-9.1%	9.93	-5.3%	9.95	-8.3%	10.23	1.7%	10.03	0.9%	9.98	1.2%	10.13	1.9%	10.09	1.4%
Cost/ASM (¢)	10.06	-7.2%	10.05	-3.9%	9.72	-3.8%	9.57	-3.7%	9.98	1.4%	9.82	-2.4%	10.00	-0.4%	9.53	-2.0%	9.50	-0.7%	9.65	-3.3%	9.67	-1.6%
Fuel Price (¢/gal) (ex-tax)	223.6	20.8%	315.5	13.0%	368.1	19.4%	354.5	20.0%	341.7	29.2%	345.7	54.6%	350.8	11.2%	352.0	-4.4%	345.0	-2.7%	343.0	0.4%	347.7	0.6%
Fuel Gallons (mm)	119	-43.4%	40	52.6%	44	58.1%	45	53.0%	42	19.3%	172	44.1%	42	4.6%	44	-0.5%	45	-0.9%	43	1.6%	173	1.1%
Break-Even Load Factor (%)	72.9%	1.3pp	74.8%	3.5pp	78.4%	4.5pp	78.6%	5.6pp	80.2%	7.1pp	78.1%	5.2pp	75.1%	0.3pp	77.6%	-0.7pp	77.5%	-1.1pp	75.7%	-4.4pp	76.6%	-1.5pp

* Operating statistics exclude effect of non-recurring items.

Source: Deutsche Bank Airline Research, company data





Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
SkyWest, Inc.	SKYW.OQ	6.68 (USD) 7 Aug 12	2

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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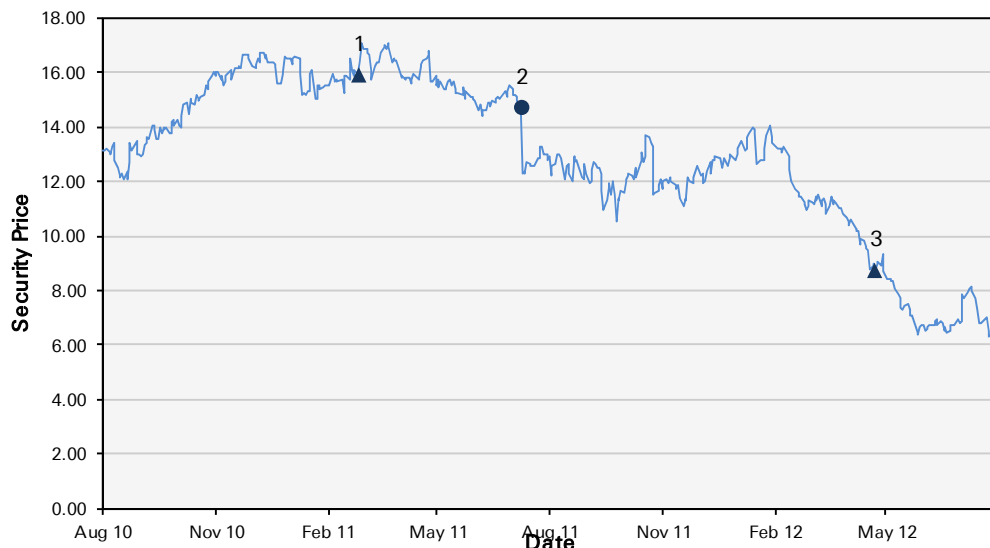
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Historical recommendations and target price: SkyWest, Inc. (SKYW.OQ)

(as of 8/7/2012)



Previous Recommendations

Strong Buy
Buy
Market Perform
Underperform
Not Rated
Suspended Rating

Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

*New Recommendation Structure
as of September 9, 2002

- | | | | |
|----------------|---|----------------|--------------------------|
| 1. 03/07/2011: | Upgrade to Buy, Target Price Change USD20.00 | 3. 05/02/2012: | Upgrade to Buy, USD12.00 |
| 2. 07/18/2011: | Downgrade to Sell, Target Price Change USD12.00 | | |

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Buy: Based on a current 12- month view of total shareholder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield) , we recommend that investors buy the stock.

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Notes:

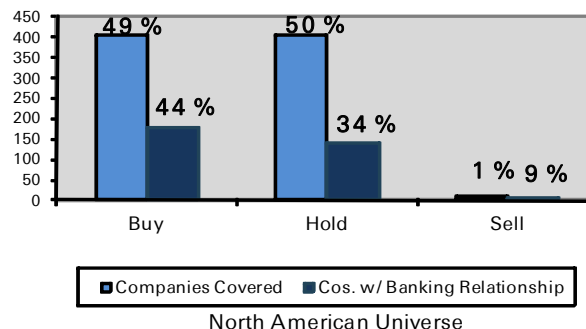
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Equity rating dispersion and banking relationships





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